Supreme Court, U.S.
FILED
FEB 15 1979
MICHAEL RODAK, JR., CLERK

No. 78-1004

# In the Supreme Court of the United States

OCTOBER TERM, 1978

DAVID L. HEILMAN AND E-C TAPE SERVICE, INC., PETITIONERS

*v.*

GRIFFIN B. BELL, ET AL.

*ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT*

## BRIEF FOR THE RESPONDENTS IN OPPOSITION

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### OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 131-139) is reported at 583 F.2d 373. The opinion of the district court denying preliminary injunctive relief is reported at 391 F. Supp. 1106. The opinion of the district court granting summary judgment (Pet. App. 122-127) is reported at 434 F. Supp. 564.

## JURISDICTION

The judgment of the court of appeals was entered on September 6, 1978. A petition for rehearing was denied on October 5, 1978. The petition for a writ of certiorari was filed on December 20, 1978. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

## QUESTION PRESENTED

Whether petitioners are entitled to injunctive or declaratory relief to prevent the government from investigating and prosecuting violations by them of the copyright laws.

## STATEMENT

Petitioners, a Wisconsin corporation and its president, are in the business of selling tapes and records that they copy from original musical recordings. In March 1975 the Attorney General announced that he intended to prosecute such duplicators or "tape pirates" for willful infringement of the federal copyright laws, 17 U.S.C. 1(e), 101(e) and 104 (Pet. App. 132). After receiving this notice, petitioners filed suit in the United States District Court for the Eastern District of Wisconsin against the Attorney General, seeking declaratory and injunctive relief to bar prosecution. The district court denied petitioners' motion for a preliminary injunction (391 F. Supp. 1106).

In March 1977 an indictment was returned in the Northern District of Illinois charging petitioner Heilman with 26 counts of copyright infringement, in violation of 17 U.S.C. 1(e), 101(e), and 104, as well as 10 counts of mail fraud, in violation of 18 U.S.C. 1341. Subsequently, the Wisconsin district court granted summary judgment in favor of the Attorney General, denying petitioners' claim for declaratory relief and dismissing their claim for an injunction as moot (Pet. App. 122-129). A divided panel of the court of appeals affirmed (Pet. App. 131-139). We summarize its reasoning at pages 5-6, *infra*.

On January 30 and 31, 1979, the Illinois district court held a bench trial on the criminal charges pending against petitioner Heilman. On February 7, 1979, petitioner Heilman was convicted on 18 counts of copyright infringement.[1]

## ARGUMENT

1. Petitioners argue that the court of appeals should have ordered the grant of declaratory and injunctive relief (Pet. 10-15). This relief, however, would be extraordinary. Petitioner Heilman has been tried on an indictment charging copyright and mail fraud violations stemming from his record duplication business. His legal arguments concerning the meaning of the copyright laws can be litigated in that forum because the lawfulness of the prosecution "may be determined as readily in the criminal case as in a suit for an injunction" (*Douglas* v. *City of Jeannette*, 319 U.S. 157, 163 (1943)). There is no

[1] The government dismissed the 10 mail fraud counts and 8 copyright counts prior to trial. Sentence has not yet been imposed.

need for an injunction to bar a trial that has taken place. Moreover, because petitioners have not demonstrated that they would suffer any irreparable injury beyond "that incidental to every criminal proceeding brought lawfully and in good faith" (*id.* at 164), it would be inappropriate to grant preliminary relief in the circumstances presented here. Cf. *Hicks* v. *Miranda*, 422 U.S. 332 (1975).

2. In any event, petitioners' contention that they were entitled to copy musical compositions recorded prior to February 15, 1972, so long as they tendered a royalty of two cents per copy to the copyright holder, is incorrect. Four courts of appeals (in addition to the Seventh Circuit) have held that duplicating a recorded composition is an infringement of the composer's copyright under the provisions of the Copyright Act of 1909, and that the compulsory licensing provisions of the statute do not apply to such copying. See *Fame Publishing Co.* v. *Alabama Custom Tape, Inc.*, 507 F.2d 667 (5th Cir.), cert. denied, 423 U.S. 841 (1975); *Jondora Music Publishing Co.* v. *Melody Recordings, Inc.*, 506 F.2d 392 (3d Cir. 1974), cert. denied, 421 U.S. 1012 (1975); *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc.*, 497 F.2d 285 (10th Cir. 1974) (en banc), cert. denied, 419 U.S. 1120 (1975); *Duchess Music Corp.* v. *Stern*, 458 F.2d 1305 (9th Cir.), cert. denied, 409 U.S. 847 (1972). No circuit has reached a contrary conclusion. Nothing has changed since this Court's denial of certiorari in *Fame Publishing Co.*, *Jondora Music Publishing Co.*, *Edward B. Marks Music Corp.*,



and *Duchess Music Corp.* that would warrant granting review here. Indeed, the enactment of a new copyright statute has resolved the question definitively. The issue has no continuing importance.[2]

As the court of appeals pointed out, in an opinion on which we generally rely, the Copyright Act of 1909 permits any person tendering a royalty of two cents to make "similar use" of a musical composition after the copyright holder has permitted an initial recording to be made. 17 U.S.C. 1(e). But "similar use" does not include copying the original recording. Rather, the "similar use" principle is intended to permit recording of an independent rendition or performance of the musical composition. The court in *Edward B. Marks Music Corp.* v. *Colorado Magnetics, Inc.*, *supra*, 497 F.2d at 288, properly held that this means that a company "may make its own arrangements, hire its own musicians and artists, and then record. It does not mean that [it] may use the composer's copyrighted work by duplicating and copying the record of a licensed recording company."[3]

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[2] In 1976 the federal copyright law was rewritten, effective January 1, 1978. 90 Stat. 2560. Under the new code duplication of all sound recordings is explicitly prohibited regardless of when the original recording was made. 17 U.S.C. App. 114. Thus, in the future, "tape piracy" clearly will be punishable under the general terms of the new statute.

[3] Contrary to petitioners' assertion, this interpretation is not unfair to companies wishing to produce anthologies of older musical compositions. They are free to produce a new rendition of such compositions under the similar use doctrine. If they wish to make an exact reproduction of a prior record-

The 1971 amendment to the Copyright Act, 17 U.S.C. 1(e), that, effective February 15, 1972, extended copyright protection to records as well as musical compositions, does not change this result. The court of appeals pointed out (Pet. App. 139) that, even though the 1971 amendment may not have granted recording companies a protectible interest in recordings made prior to February 15, 1972, the rights of composers stemming from the original Copyright Act of 1909 have always been subject to protection.[4]

3. Petitioners also contend that application of the Copyright Act to their business is an *ex post facto* enforcement of the law (Pet. 14-16). The Copyright Act was enacted in 1909, however, and that statute created the duty to refrain from making copies of musical recordings in violation of the rights of composers. Moreover, unauthorized duplications of such recordings have been punishable as crimes since 1971. See 61 Stat. 661; Pet. App. 138-139. The indictment of petitioner Heilman here was based on his activities in May 1975. Prior to that time four

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ing, and if a market exists for such a selection, they "should be able to negotiate with the copyright holder to duplicate the recordings at a fair price" (Pet. App. 137). The holding of the court below simply prevents persons such as petitioners from stealing the talent and investment of others. See *Duchess Music Corp.* v. *Stern, supra*, 458 F.2d at 1311.

[4] Our views in this regard are set out at greater length in the brief we submitted at the Court's request as amicus curiae in *Edward B. Marks Music Corp.*, No. 73-2006, October Term, 1974.



courts of appeals had determined that naked duplication is not a "similar use" entitled to protection under the compulsory licensing provision of the statute, and the Attorney General had given notice of his intention to prosecute in cases of this kind. There is accordingly no basis for the assertion that Heilman's prosecution amounts to a retroactive application of the law or that petitioners did not have fair notice that their conduct was unlawful.

## CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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FEBRUARY 1979

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